

While it is important to understand how Supply and Demand impact markets and prices of all kinds of things from gasoline and AirPods to food and wages, it is maybe even more important to understand how to manage our money on a daily basis. To do this, we must understand the system we live in and how to use the tools that are available to us to our advantage. It is important to remember that our everyday choices will not only impact us in the moment, but also down the road. The choices we make today will have results in the future that we haven't thought about yet. This simulation is designed to help you think about real life choices that you may not have yet to consider, as well as teach you about the process and the things involved in making those decisions so when the time comes that you have to make these choices with money you earn, you will be able to make decisions.

**Step 1: Needs and Wants.** Think personally, list the things YOU need and things YOU want.

Needs	Wants

**Step 2: Basic Demographics.** Here is where you need to *imagine* what your future will look like – career and family. Be realistic in what you anticipate doing for your career and what your family will look like.

**CAREER:**

In what career do you anticipate working?
What is the average salary for that career in Florida? (visit: <a href="https://www.bls.gov/oes/current/oes_fl.htm">https://www.bls.gov/oes/current/oes_fl.htm</a> )

**SPOUSE:**

Will you have a spouse or a partner you will create a family with? <input type="checkbox"/> Yes <input type="checkbox"/> No
If "yes", in order to balance out a two-income household, take your income and multiple by 0.5. Write the amount to the right.

**KIDS:**

Do you think you'll have children? <input type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes", how many do you think you'll have?

**Part 3: Expenses.** It is time to decide about your everyday life, outside of work. Home. Auto. Leisure.

**3A. HOUSING:** What type of home do you think you and your family will live in? In addition to your monthly payment for your home, there are other expenses associated with them. Use the websites provided in Canvas to search for a home.

Choose Rent or Own then only use the rows for that choice. All dollar amounts are for 1 month. Once you price your housing and utilities, add the column to get your Housing Budget.

Which do you prefer?		<input type="checkbox"/> Rent	<input type="checkbox"/> Own
Describe the home you chose:			
# Bedrooms	_____	# Bathrooms	_____
		Square Feet	_____
Now to calculate the related costs:			
Price / month	Rent	(Rental Price)	= _____
	Own*	Total House Price x .01	= _____
Insurance	Rent		\$50
	Own	300 + (Price / month x .08)	= _____
Natural Gas	Rent		\$0
	Own	Square Feet x .04	= _____
Electricity**	Both	Square Feet x .06	= _____
Water/Sewage**	Both	25 + (# people x 2.5)	= _____
Internet	Choose 1 Internet speed: (download/upload)		
	<input type="checkbox"/>	1GB / 1GB	\$95.00
	<input type="checkbox"/>	500/500	\$80.00
	<input type="checkbox"/>	100/100	\$60.00
Cell Phone	<input type="checkbox"/>	50/50	\$50.00
		100 + (#people x 50)	= _____
<b>Housing Budget</b>			<b>\$</b>

\* Owning a home is assumed a 30-year mortgage with \$0 down at 10% and includes PMI, taxes and fees.

\*\* Electricity and Water/Sewage are the same rates if you rent or own.

**3B. TRANSPORTATION:** How are you going to get to and from work? The Grocery store? Doctor appointments? Do you have a spouse? How will they get around? Let's figure out how much it will cost you each month to buy a vehicle or two.

- 1) Shop around to get an idea of how much your car will cost. I have provided some links below to different auto dealers, new and used.
- 2) Navigate to Calculator.net to calculate your loan.
  - A. Enter the Auto Price for the vehicle you shopped for.
  - B. Decide how long you want to pay off the vehicle (Loan Term). Typically, auto loans are 48 months (4 years), 60 months (5 years), or 72 months (6 years).
  - C. With interest rates on the rise, use 9.25%, the current average rate.
  - D. For this simulation you will have \$0 Down Payment, and \$0 Trade-In Value.
  - E. Select Florida for the State.
  - F. Sales Tax for Hillsborough County is 7.5%.

Look at the monthly cost. Switch the Loan Term between 48, 60, and 72 months to see how it impacts the monthly payment. But also look at how much the Total Cost will be by the time you finish paying off the vehicle.

What happens to the monthly payment as you increase the Loan Term?
What happens to the Total Cost as you increase the Loan Term?

Auto Insurance	
Vehicle Purchase Price	Monthly Insurance Premium
\$20,000	\$275
\$25,000	\$275
\$30,000	\$325
\$35,000	\$325
\$40,000	\$350
\$45,000	\$375

	Purchase Price	Finance Option	Insurance	Monthly Cost		Purchase Price	Finance Option	Insurance	Monthly Cost
Car #1					Car #2				

**3C. FOOD:** You cannot forget to eat; you won't last the month if you don't! There are important considerations when deciding food options. First, let's take care of groceries. You have to decide; how healthy your family diet will be. Check the box. The price listed is monthly groceries per person for the month. Multiply that number by the number of family members. That is your **Grocery Budget**.

Groceries				
Type of Diet		# Family Members		Grocery Budget
<input type="checkbox"/> Healthy	\$275			
<input type="checkbox"/> Average	190	X		=
<input type="checkbox"/> Unhealthy	115			

Next decide how many times a month you will dine out (or take in). There will be days when you (and your spouse) will be too tired to cook in the evening, will you bear it and cook any way or eat out? I figure, on average, a meal will cost about \$16 per person when you dine out (or bring it in). Follow the formula below to get your **Dining Out Budget**.

Dining Out					
# Family Members	\$16 per meal	# Times per week	# weeks per month		Dining Out Budget
X	16	X	X	4	=

**3D. HEALTH INSURANCE:** Laws require all people to have health insurance. Not that anyone *wants* to get sick or injured, but it is likely you will need to at least make a visit to the doctor's office. It is likely that your employer will pay most or all of your premium, but you will have to pay for your kids (if you have any). However, this would not cover dental cleanings or dental work. Calculate your family's health insurance costs below.

Do you have children?			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	# Adults	
\$450 for family plan		X	\$45 =
Health Insurance Budget			

**Step 4: Rounding It Out.** It is time to prioritize the rest of those needs and wants and see what you really want to have and which you maybe could do without. When you made your list in **Step 1**, did you include clothing, beauty/grooming, entertainment, and travel?

**4A. ADDITIONAL EXPENSES:** Review your lists of Needs and Wants. Some of those items may have been taken care of in Step 3. Recreate your list below, but do not include the items already covered in Step 3 above. Set aside how much **money per month** you wish to dedicate to these additional expenses. I have listed some suggestions for you, but you do not need to include them. But remember, keep it realistic, what would you really want?

Category	\$/month	Category	\$/month
clothing			
beauty/grooming			
entertainment			
travel			
Add each category to get your <b>Additional Expenses Budget</b>			

**Step 5: Budget.** Now we get to see how much all this is costing you and see if you are earning enough to pay for it all.

**NET INCOME:** Your *net income* is how much you have left over after you pay taxes. In the US we have a progressive tax system. This means the more money you earn the greater percentage you pay in taxes. The tax tables are broken into Tax Brackets. Looking at your Gross Pay, see what percentage of it must be paid in taxes.

Your Income:			
Spouse's Income:	+		
<hr/>			
Total ( <b>Gross Pay</b> )			
	X	=	
Gross Pay	Tax (as decimal)	Taxes Paid	
	-	=	
Gross Pay	Taxes Paid	<b>Annual Net Income</b>	÷ 12 <b>Monthly Net Income</b>

Tax Brackets		
Gross Pay	%	(as decimal)
0 – 8,375	10	.10
8,376 – 34,000	15	.15
34,001 – 82,400	25	.25
82,401 – 171,850	28	.28
171,851 – 373,650	33	.33
373,651 +	35	.35

**FINAL BUDGET:** Do you have enough? Subtract your Expenses from your Net Income.

<b>Monthly Net Income (from above)</b>
<b>Expenses:</b>
• <b>Housing (from 3A)</b>
• <b>Transportation (All Vehicles) (from 3B)</b>
• <b>Groceries Budget (from 3C)</b>
• <b>Dining Out Budget (from 3C)</b>
• <b>Insurance Budget (from 3D)</b>
• <b>Additional Expenses Budget (from 4A)</b>
<b><u>Result:</u></b>

**Step 6: Making Adjustments.** How did you do? If your Result is a positive number, you're all set. You are earning more than you plan to spend, so there will be extra money for your savings account. If your Result is a negative number, go back and look at you budget and make changes. What things can you do without or do with less of?

**Step 7: What did we leave out?** Now that we calculated the required things above, what other things were not included in this simulation that you will almost certainly need to include in your real-life budget?